



SEP 17 2004

The Honorable Janet Napolitano
Governor of Arizona
1700 West Washington
Phoenix, Arizona 85007

Dear Governor Napolitano:

It is with pleasure that I respond to the State of Arizona's request for a Workforce Investment Act (WIA) waiver of the 20 percent funds transfer limitation at WIA Section 133(b)(4). This action is taken under the Secretary's authority to waive certain requirements of WIA Title I, subtitles B and E and Sections 8-10 of the Wagner-Peyser Act.

The State of Arizona's request (copy enclosed) indicates that a waiver will provide local workforce investment boards with additional flexibility to respond to changes in their local labor markets, and meet the needs of the state's diverse population. The waiver is written in the format identified in WIA Section 189(i)(4)(B) and 20 CFR 661.420(c) and appears to meet the standard for approval at 20 CFR 661.420(e).

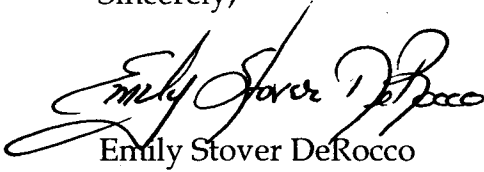
Accordingly, the State of Arizona is granted a waiver through June 30, 2005. The waiver allows the state to approve local area requests to transfer up to 100 percent of local area allocations between the Adult and Dislocated Worker programs.

The granted waiver is incorporated by reference into the state's WIA Grant Agreement, as provided for under paragraph 3 of the executed Agreement, and also constitutes a modification of the state's approved five-year strategic plan. A copy of this letter should be filed with the state's WIA Grant Agreement and the state's approved five-year strategic plan, as appropriate.

As you know, this waiver is consistent with one of the improvements that the Administration is seeking in the reauthorization of the Workforce Investment Act—the consolidation of the WIA Adult, WIA Dislocated Worker and Wagner-Peyser Act (Employment Service) funding streams. This consolidation would provide states with maximum flexibility to meet unique workforce needs. In the meantime, we hope this waiver will provide temporary help.

We look forward to continuing our partnership with you and achieving better workforce investment outcomes. We are prepared to entertain other state and local-level waiver requests that you may wish to submit, consistent with the provisions of the WIA statute and regulations.

Sincerely,

A handwritten signature in black ink, appearing to read "Emily Stover DeRocco". The signature is fluid and cursive, with the first name "Emily" being the most prominent part.

Emily Stover DeRocco

Enclosure